

D R A F T

SUMMARY

Creates and extends sunsets for certain property tax exemption and special assessment programs.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to sunsets for certain ad valorem property tax relief programs;
3 creating new provisions; amending ORS 307.162, 307.517, 307.518, 307.523,
4 307.529, 307.535 and 358.499 and section 2, chapter 783, Oregon Laws 1979,
5 section 2, chapter 256, Oregon Laws 2001, and section 7, chapter 637,
6 Oregon Laws 2005; and prescribing an effective date.

Be It Enacted by the People of the State of Oregon:

7 **SECTION 1.** Section 2, chapter 256, Oregon Laws 2001, as amended by
8 section 2, chapter 771, Oregon Laws 2003, is amended to read:

9 **Sec. 2.** (1) Section 1 (1), chapter 256, Oregon Laws 2001, applies to tax
10 years beginning on or after July 1, 1998, and before July 1, [2021] **2027**.

11 (2) Section 1 (2), chapter 256, Oregon Laws 2001, applies to tax years be-
12 ginning on or after July 1, 1999, and before July 1, [2021] **2027**.

13 **SECTION 2.** Section 7, chapter 637, Oregon Laws 2005, as amended by
14 section 1, chapter 656, Oregon Laws 2011, and section 1, chapter 210, Oregon
15 Laws 2013, is amended to read:

16 **Sec. 7.** Property may not qualify for a first year of exemption under ORS
17 307.455 for a tax year beginning on or after July 1, [2020] **2026**.

18 **SECTION 3.** (1) **Land may not be granted an initial year of ex-**
19 **emption under ORS 307.513 for any property tax year beginning on or**
20

1 **after July 1, 2025.**

2 **(2) Notwithstanding subsection (1) of this section, land that is**
3 **granted an initial year of exemption under ORS 307.513 for a property**
4 **tax year beginning before July 1, 2025, may continue to receive the**
5 **exemption for the number of consecutive property tax years for which**
6 **the land is eligible for the exemption under ORS 307.513.**

7 **SECTION 4.** ORS 307.162 is amended to read:

8 307.162. (1)(a) Before any real or personal property may be exempted from
9 taxation under ORS 307.092, 307.110 (3)(h), 307.115, 307.118, 307.130 to 307.140,
10 307.145, 307.147, 307.150, 307.160, 307.181 (3)[, 307.513] or 307.580 for any tax
11 year, the institution or organization entitled to claim the exemption must file
12 a claim with the county assessor, on or before April 1 preceding the tax year
13 for which the exemption is claimed. The claim must contain statements,
14 verified by the oath or affirmation of the president or other proper officer
15 of the institution or organization, that:

16 (A) List all real property claimed to be exempt and show the purpose for
17 which the real property is used; and

18 (B) Cite the statutes under which exemption for personal property is
19 claimed.

20 (b) If the ownership of all property, other than property described in ORS
21 307.110 (3)(h), included in the claim filed with the county assessor for a prior
22 year remains unchanged, a new claim is not required.

23 (c) When the property designated in the claim for exemption is acquired
24 after March 1 and before July 1, the claim for that year must be filed within
25 30 days from the date of acquisition of the property.

26 (2)(a) Notwithstanding subsection (1) of this section, a claim may be filed
27 under this section for the current tax year:

28 (A) On or before December 31 of the tax year, if the claim is accompanied
29 by a late filing fee of the greater of \$200, or one-tenth of one percent of the
30 real market value as of the most recent assessment date of the property to
31 which the claim pertains.

1 (B) On or before April 1 of the tax year, if the claim is accompanied by
2 a late filing fee of \$200 and the claimant demonstrates good and sufficient
3 cause for failing to file a timely claim, is a first-time filer or is a public
4 entity described in ORS 307.090.

5 (b)(A) Notwithstanding subsection (1) of this section, a claimant that
6 demonstrates good and sufficient cause for failing to file a timely claim, is
7 a first-time filer or is a public entity described in ORS 307.090 may file a
8 claim under this section for the five tax years prior to the current tax year:

9 (i) Within 60 days after the date on which the county assessor mails no-
10 tice of additional taxes owing under ORS 311.206 for the property to which
11 the claim filed under this subparagraph pertains; or

12 (ii) At any time if no notice is mailed.

13 (B) A claim filed under this paragraph must be accompanied by a late
14 filing fee of the greater of \$200, or one-tenth of one percent of the real
15 market value as of the most recent assessment date of the property to which
16 the claim pertains, multiplied by the number of prior tax years for which
17 exemption is claimed.

18 (c) If a claim filed under this subsection is not accompanied by the late
19 filing fee or if the late filing fee is not otherwise paid, an exemption may
20 not be allowed for the tax years sought by the claim. A claim may be filed
21 under this subsection notwithstanding that there are no grounds for hardship
22 as required for late filing under ORS 307.475.

23 (d) The value of the property used to determine the late filing fee under
24 this subsection and the determination of the county assessor relative to a
25 claim of good and sufficient cause are appealable in the same manner as
26 other acts of the county assessor.

27 (e) A late filing fee collected under this subsection must be deposited in
28 the county general fund.

29 (3)(a) In a claim for exemption of property described in ORS 307.110 (3)(h),
30 the county or city, town or other municipal corporation or political subdi-
31 vision of this state that is filing the claim must substantiate that the prop-

1 erty is used for affordable housing or that it is leased or rented to persons
2 of lower income, as applicable.

3 (b) A claim filed under this subsection must be filed annually on a form
4 prescribed by the Department of Revenue.

5 (4) As used in this section:

6 (a) "First-time filer" means a claimant that:

7 (A) Has never filed a claim for the property that is the subject of the
8 current claim; and

9 (B) Did not receive notice from the county assessor on or before December
10 1 of the tax year for which exemption is claimed regarding the potential
11 property tax liability of the property.

12 (b)(A) "Good and sufficient cause" means an extraordinary circumstance
13 beyond the control of the taxpayer or the taxpayer's agent or representative
14 that causes the failure to file a timely claim.

15 (B) "Good and sufficient cause" does not include hardship, reliance on
16 misleading information unless the information is provided by an authorized
17 tax official in the course of the official's duties, lack of knowledge, oversight
18 or inadvertence.

19 (c) "Ownership" means legal and equitable title.

20 (5)(a) Notwithstanding subsection (1) of this section, if an institution or
21 organization owns property that is exempt from taxation under a provision
22 of law listed in subsection (1) of this section and fails to file a timely claim
23 for exemption under subsection (1) of this section for additions or improve-
24 ments to the exempt property, the additions or improvements may neverthe-
25 less qualify for exemption.

26 (b) The organization must file a claim for exemption with the county
27 assessor to have the additions or improvements to the exempt property be
28 exempt from taxation. The claim must:

29 (A) Describe the additions or improvements to the exempt property;

30 (B) Describe the current use of the property that is the subject of the
31 application;

1 (C) Identify the tax year and any preceding tax years for which the ex-
2 emption is sought;

3 (D) Contain any other information required by the department; and

4 (E) Be accompanied by a late filing fee equal to the product of the number
5 of tax years for which exemption is sought multiplied by the greater of \$200
6 or one-tenth of one percent of the real market value as of the most recent
7 assessment date of the property that is the subject of the claim.

8 (c) Upon the county assessor's receipt of a completed claim and late filing
9 fee, the assessor shall determine for each tax year for which exemption is
10 sought whether the additions or improvements that are the subject of the
11 claim would have qualified for exemption had a timely claim been filed under
12 subsection (1) of this section. Any property that would have qualified for
13 exemption had a timely claim been filed under subsection (1) of this section
14 is exempt from taxation for each tax year for which the property would have
15 qualified.

16 (d) A claim for exemption under this subsection may be filed only for tax
17 years for which the time for filing a claim under subsections (1) and (2)(a)
18 of this section has expired. A claim filed under this subsection, however, may
19 serve as the claim required under subsection (1) of this section for the cur-
20 rent tax year.

21 (e) A late filing fee collected under this subsection must be deposited in
22 the county general fund.

23 (6) For each tax year for which an exemption granted pursuant to sub-
24 section (2) or (5) of this section applies:

25 (a) Any tax, or interest attributable thereto, that was paid with respect
26 to the property that is declared exempt from taxation must be refunded. Re-
27 funds must be made without interest from the unsegregated tax collections
28 account established under ORS 311.385.

29 (b) Any tax, or interest attributable thereto, that remains unpaid as of the
30 date the exemption is granted must be abated.

31 (7) If an institution or organization owns property that is exempt from

1 taxation under a provision of law listed in subsection (1) of this section and
2 changes the use of the property to a use that would not entitle the property
3 to exemption from taxation, the institution or organization must notify the
4 county assessor of the change to a taxable use within 30 days.

5 **SECTION 5. The amendments to ORS 307.162 by section 4 of this**
6 **2019 Act apply to property tax years beginning on or after July 1, 2025.**

7 **SECTION 6.** ORS 307.517, as amended by section 10, chapter 111, Oregon
8 Laws 2018, is amended to read:

9 307.517. (1) Property or a portion of the property is exempt from taxation
10 as provided under ORS 307.515 to 307.523 if:

11 (a) The property is:

12 (A) Offered for rent; or

13 (B) Held for the purpose of developing low income rental housing, for a
14 period not exceeding a reasonable maximum period, if any, adopted by the
15 governing body;

16 (b) The property, if occupied, is occupied solely by low income persons;

17 (c) The required rent payment reflects the full value of the property tax
18 exemption;

19 (d) The exemption has been approved as provided in ORS 307.523, pursu-
20 ant to an application filed before July 1, [2020] **2026**;

21 (e) The housing units on the property were constructed after the local
22 governing body adopted the provisions of ORS 307.515 to 307.523; and

23 (f) The information disclosed on the application filed pursuant to ORS
24 307.521 meets any other criteria adopted by the governing body.

25 (2) A governing body that adopts the provisions of ORS 307.515 to 307.523
26 may adopt additional criteria for exemption that do not conflict with the
27 criteria described in subsection (1)(a) to (e) of this section.

28 (3) For the purposes of subsection (1) of this section, a person that has
29 only a leasehold interest in property is deemed to be a purchaser of that
30 property if:

31 (a) The person is obligated under the terms of the lease to pay the ad

1 valorem taxes on the real and personal property used in this activity on that
2 property; or

3 (b) The rent payable has been established to reflect the savings resulting
4 from the exemption from taxation.

5 **SECTION 7.** ORS 307.518, as amended by section 11, chapter 111, Oregon
6 Laws 2018, is amended to read:

7 307.518. (1) Property or a portion of property is exempt from taxation as
8 provided under ORS 307.515 to 307.523 if:

9 (a) The property, if unoccupied, is:

10 (A) Offered for rental solely as a residence for low income persons; or

11 (B) Held for the purpose of developing low income rental housing, for a
12 period not exceeding a reasonable maximum period, if any, adopted by the
13 governing body;

14 (b) The property, if occupied, is occupied solely as a residence for low
15 income persons;

16 (c) An exemption for the property has been approved as provided under
17 ORS 307.523, pursuant to an application filed before July 1, [2020] **2026**;

18 (d) The property is owned or being purchased by a nonprofit corporation
19 organized in a manner that meets the criteria for a public benefit corporation
20 or a religious corporation, both terms as defined in ORS 65.001;

21 (e) The property is owned or being purchased by a nonprofit corporation
22 that expends no more than 10 percent of the nonprofit corporation's annual
23 income from residential rentals for purposes other than the acquisition,
24 maintenance or repair of residential rental property for low income persons
25 or for the provision of on-site child care services for the residents of the
26 rental property; and

27 (f) The information disclosed on the application filed pursuant to ORS
28 307.521 meets any other criteria adopted by the governing body.

29 (2) A governing body that adopts the provisions of ORS 307.515 to 307.523
30 may adopt additional criteria for exemption that do not conflict with the
31 criteria described in subsection (1)(a) to (e) of this section.

1 (3) For the purposes of this section, a nonprofit corporation that has only
2 a leasehold interest in property is considered to be a purchaser of that
3 property if:

4 (a) The nonprofit corporation is obligated under the terms of the lease to
5 pay the ad valorem taxes on the real and personal property used in the rental
6 activity on that property; or

7 (b) The rent payable has been established to reflect the savings resulting
8 from the exemption from taxation.

9 (4) A partnership shall be considered a nonprofit corporation for purposes
10 of this section if:

11 (a) A nonprofit corporation is a general partner of the partnership; and

12 (b) The nonprofit corporation is responsible for the day-to-day operation
13 of the property that is the subject of the exemption under ORS 307.515 to
14 307.523.

15 **SECTION 8.** ORS 307.523, as amended by section 12, chapter 111, Oregon
16 Laws 2018, is amended to read:

17 307.523. (1) Application shall be made on or before December 1 of the
18 calendar year immediately preceding the first assessment year for which ex-
19 emption is requested, and shall be accompanied by the application fee re-
20 quired under ORS 307.527. However, if the property is acquired after
21 November 1, the application shall be made within 30 days after the date of
22 acquisition.

23 (2) Within 60 days of the filing of an application under ORS 307.521, the
24 governing body shall take final action upon the application as provided un-
25 der ORS 307.527, and certify the results of the action to the county assessor,
26 as set forth in ORS 307.512.

27 (3) Upon receipt of certification under subsection (2) of this section, the
28 county assessor shall exempt the property from taxation to the extent certi-
29 fied by the governing body.

30 (4) Notwithstanding the dates specified in ORS 307.517 and 307.518, prop-
31 erty granted exemption pursuant to an application filed under ORS 307.517

1 or 307.518 before July 1, [2020] **2026**, shall continue to receive the exemption
2 on the same terms, including duration, on which the exemption was granted.

3 **SECTION 9.** ORS 307.529, as amended by section 13, chapter 111, Oregon
4 Laws 2018, is amended to read:

5 307.529. (1) Except as provided in ORS 307.531, if, after an application for
6 exemption under ORS 307.517 has been approved under ORS 307.527, the
7 governing body finds that construction or development of the exempt prop-
8 erty differs from the construction or development described in the applica-
9 tion for exemption, or is not completed on or before July 1, [2020] **2026**, or
10 that any provision of ORS 307.515 to 307.523 is not being complied with, or
11 any provision required by the governing body pursuant to ORS 307.515 to
12 307.523 is not being complied with, the governing body shall give notice of
13 the proposed termination of the exemption to the owner, by mailing the no-
14 tice to the last-known address of the owner, and to every known lender, by
15 mailing the notice to the last-known address of every known lender. The
16 notice shall state the reasons for the proposed termination and shall require
17 the owner to appear at a specified time, not less than 20 days after mailing
18 the notice, to show cause, if any, why the exemption should not be termi-
19 nated.

20 (2) If the owner fails to appear and show cause why the exemption should
21 not be terminated, the governing body shall notify every known lender, and
22 shall allow any lender not less than 30 days after the date the notice of the
23 failure to appear and show cause is mailed to cure any noncompliance or to
24 provide assurance adequate to the governing body that all noncompliance
25 shall be remedied.

26 (3) If the owner fails to appear and show cause why the exemption should
27 not be terminated, and the lender fails to cure or give adequate assurance
28 of the cure of any noncompliance, the governing body shall adopt an ordi-
29 nance or resolution stating its findings terminating the exemption. A copy
30 of the ordinance or resolution shall be filed with the county assessor, and
31 a copy shall be sent to the owner at the owner's last-known address and to

1 the lender at the last-known address of the lender within 10 days after its
2 adoption.

3 **SECTION 10.** ORS 307.535, as amended by section 14, chapter 111, Oregon
4 Laws 2018, is amended to read:

5 307.535. Notwithstanding any provision of ORS 307.515 to 307.523:

6 (1) If the governing body finds that construction of the housing unit
7 otherwise entitled to exemption under ORS 307.517 was not completed by
8 July 1, [2020] **2026**, due to circumstances beyond the control of the owner,
9 and that the owner had been acting and could reasonably be expected to act
10 in good faith and with due diligence, the governing body may extend the
11 deadline for completion of construction for a period not to exceed 12 con-
12 secutive months.

13 (2) If property granted exemption under ORS 307.515 to 307.523 is de-
14 stroyed by fire or act of God, or is otherwise no longer capable of owner-
15 occupancy due to circumstances beyond the control of the owner, the
16 exemption shall cease but no additional taxes shall be imposed upon the
17 property under ORS 307.531 or 307.533.

18 **SECTION 11.** Section 2, chapter 783, Oregon Laws 1979, as amended by
19 section 1, chapter 583, Oregon Laws 1987, section 7, chapter 748, Oregon
20 Laws 1995, section 1, chapter 218, Oregon Laws 2003, section 1, chapter 548,
21 Oregon Laws 2009, and section 1, chapter 213, Oregon Laws 2013, is amended
22 to read:

23 **Sec. 2.** Cargo containers, as defined in ORS 307.835, are exempt from
24 taxation for tax years beginning on or after July 1, 1974, [*but prior to*] **and**
25 **before** July 1, [2020] **2026**.

26 **SECTION 12.** ORS 358.499 is amended to read:

27 358.499. (1) Property first classified and specially assessed as historic
28 property for a tax year beginning on or before July 1, 1994, shall continue
29 to be so classified, specially assessed and removed from special assessment
30 as provided under ORS 358.487 to 358.543 as those sections were in existence
31 and in effect on December 31, 1992.

1 (2) Property may be classified and specially assessed under ORS 358.487
2 to 358.543 pursuant to application filed under ORS 358.487 on or after Sep-
3 tember 9, 1995, and first applicable for the tax year 1996-1997 or any tax year
4 thereafter.

5 (3) Property may not be classified and specially assessed pursuant to ap-
6 plication filed under ORS 358.487 or 358.540 if the application is filed on or
7 after July 1, [2020] **2026**.

8 **SECTION 13. This 2019 Act takes effect on the 91st day after the**
9 **date on which the 2019 regular session of the Eightieth Legislative**
10 **Assembly adjourns sine die.**

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